

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 EUR-12 ISO-00 AGR-05 COME-00 STR-04

OMB-01 TRSE-00 CIAE-00 INR-07 LAB-04 NSAE-00 SIL-01

FMC-01 DODE-00 PA-01 USIA-06 PRS-01 SP-02 /059 W

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R 311200Z OCT 75

FM AMCONSUL LUANDA

TO SECSTATE WASHDC 4434

INFO AMEMBASSY KINSHASA

AMEMBASSY LONDON

AMEMBASSY LUSAKA

C O N F I D E N T I A L SECTION 1 OF 2 LUANDA 1703

E.O. 11652: GDS

TAGS: EAGR AO

SUBJECT: ANGOLAN COFFEE SITUATION

1. DURING OCTOBER, I TALKED WITH OFFICIALS OF THE COFFEE INSTITUTE (ICA) AND GROWERS/EXPORTERS ABOUT THE PROSPECTS FOR ANGOLAN COFFEE. ICA IS NOT OPTIMISTIC, BUT SEEMS TO HAVE MATTERS IN HAND AND HAS ESTABLISHED A POLICY FOR THE DIFFICULT MONTHS AHEAD. ICA OFFICIALS SEE FEW PROBLEMS IN RESTORING PRODUCTION TO FORMER LEVELS ONCE THE POLITICAL SITUATION SORTS ITSELF OUT. TRADE SOURCES ARE VERY PESSIMISTIC AND PREDICT A THREE YEAR PERIOD AFTER THE WAR IS OVER TO RESTORE PRODUCTION TO NORMAL LEVELS. BOTH THE ICA AND THE TRADE SAY THAT STOCKS ARE ADEQUATE TO SUPPLY NORMAL MARKETS FOR THE COFFEE YEAR 1975-1976, BUT BOTH INDICATE THAT THE SLOWDOWN IN THE PORT OF LUANDA IS CAUSING SERIOUS DELAYS IN SHIPMENTS.

2. THE 1973-1974 CROP YEAR WAS AN EXCELLENT ONE AND STOCKS ON OCTOBER 1, 1974 WERE IN EXCESS OF 200,000 TONS. WE HAVE NO ACCURATE ESTIMATES OF PRODUCTION FOR 1974-1975, BUT TRADE SOURCES BELIEVE IT TO BE ABOUT 70,000 TONS. THESE SAME SOURCES STATE THAT AT THE MOMENT STOCKS AMOUNT TO 220,000 TONS. EXPORTS TO DATE IN 1975 HAVE BEEN MUCH REDUCED BECAUSE OF STOPPAGES AND SLOWDOWNS IN THE

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PORT OF LUANDA. DOCK WORKERS USED TO LOAD 750 TONS A DAY AND

MORE; GANGS TODAY LOAD BETWEEN 100 AND 250 TONS A DAY. TGWDE SOURCES TELL ME THEY ARE STILL TRYING TO MOVE OUT MAY CONTRACTS. IN ORDER NOT TO EXCERBATE THE SITUATION THE ICA CUT OFF SALES AS OF EARLY SEPTEMBER AND NO NEW ORDERS WILL BE ACCEPTED UNTIL THE BACKLOG IS CLEARED UP AND PORT CONDITIONS IMPROVE. ANGOLA WILL HONOR ALL CONTRACTS, BUT THERE WILL BE LONG DELAYS IN GETTING THE COFFEE TO BUYER.

3. THE ESTIMATES OF THE 1974-1975 CROP ARE BUT GUESSES. THE GUANZA SUL REGION (AMBOIM) WAS NORMAL AND ABOUT 30,000 TONS WERE HARVESTED. ONE OF THE LARGEST, IF NOT THE LARGEST, SINGLE COFFEE PRODUCERS IN THE WORLD, JOTA COSTA, WITH FAZENDAS AROUND SALAZAR, EXPECTED A HARVEST OF 6,800 TONS, BUT WAS ABLE TO OBTAIN ONLY ONE-FOURTH OF THE 4,000 PICKERS IT NEEDED. THE FIRM TRIED WITHOUT SUCCESS TO ENLIST THE SUPPORT OF THE MPLA, WHICH CONTROLS THE REGION, BY PROMISING TO PAY MARKET PRICES FOR ANY OF ITS OWN COFFEE DELIVERED TO LUANDA. THE COMPANY HANDED OVER FOUR TRUCKS FOR THE PURPOSE: ONE WENT OVER A CLIFF, ONE SEIZED UP FOR LACK OF OIL AND THE OTHER TWO COLLIDED HEAD ON AND WERE DEMOLISHED. THE BIG UNKNOWN IS THE SIZE OF THE HARVEST IN NORTHERN ANGOLA, WHICH IS IN THE HANDS OF THE FNLA. SINCE THERE IS NO COMMUNICATION BETWEEN MPLA-CONTROLLED LUANDA AND THE NORTH, NO MEANINGFUL CALCULATIONS CAN BE MADE ON THE SIZE OF THE CROP. COFFEE THERE IS, BUT ONLY AFTER THE POLITICAL SITUATION STABILIZES WILL IT MOVE TO MARKETS. I VISITED THE AREA IN LATE JULY AND STOPPED IN AT A FEW FAZENDAS. LABOR WAS IN SHORT SUPPLY, BUT GROWERS WERE MAKING DO WITH THE HELP THEY HAD AND SOME MANAGED TO HARVEST A SUBSTANTIAL PROPORTION OF THEIR CROP.

4. ICA OFFICIALS AND TRADE SOURCES DOUBT THAT MUCH COFFEE FROM THE NORTH CAN BE EXPORTED AS CONTRABAND THROUGH ZAIRE, PRINCIPALLY BECAUSE OF TRANSPORTATION DIFFICULTIES AND LACK OF MARKETING MECHANISMS. JUST AS IMPORTANT, BOTH THE MIDDLEMEN WHO FORMERLY SERVICED SMALL GROWERS AND THE LARGE GROWERS/EXPORTERS ARE NO LONGER DOING BUSINESS - THEY HAVE NO ACCESS TO CREDIT AND NO MEANS TO MOVE THE COFFEE TO CENTRAL LOCATIONS FOR PREPARATION, CLASSIFICATION AND EXPORT. A NUMBER OF SMALL TO MEDIUM GROWERS ARE STILL ON THE LAND, BUT THE MERCHANTS, KEY MEN IN TOWNS, HAVE FLED.

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5. THE ICA IS NOT OVERLY CONCERNED ABOUT LOSS OF PRODUCTION IN FUTURE YEARS. ROBUSTA, THEY SAY, IS NATIVE TO ANGOLA AND CAN BE BROUGHT BACK TO FULL PRODUCTION, EVEN AFTER YEARS OF NEGLECT, IN THE SPACE OF A YEAR OR TWO. GROWERS SAY THAT UNPICKED COFFEE WHICH FALLS ON THE GROUND IS AN IDEAL MEDIUM FOR THE GROWTH OF BORERS AND OTHER PESTS AND THAT UNTENDED FARMS WILL TAKE YEARS TO GET BACK INTO SHAPE.

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C O N F I D E N T I A L SECTION 2 OF 2 LUANDA 1703

WILL DEPEND ON HOW LONG THE CIVIL WAR LASTS. IF THE SITUATION STABILIZES BY JANUARY, SAY ICA OFFICIALS, THE CROP SHOULD BE RELATIVELY GOOD, ALTHOUGH IT WILL BE DOWN SUBSTANTIALLY FROM NORMAL. IF THE FAZENDAS ARE NOT PRUNED, CLEANED AND TREATED BEFORE THE RAINS END IN MARCH, THERE WILL BE SERIOUS LOSSES. THE FLIGHT OF WHITES IS A CAUSE FOR CONCERN, BUT THEY WILL BE BACK, SAY ICA OFFICIALS. THEY SAY THAT ONE-THIRD OF ANGOLA'S PRODUCTION TU FROM SMALL FARMS OWNED BY BLACKS AND IF GOVERNMENT PURSUES AN INTELLIGENT POLICY, BLACKS CAN FILL MUCH OF THE VOID LEFT BY WHITES. ANGOLA, SAYS ICA, IS THE ONLY COUNTRY IN AFRICA IN WHICH THE GREATER PART OF COFFEE PRODUCTION IS IN THE HANDS OF EUROPEANS. NO ADVANCED TECHNICAL SKILLS ARE REQUIRED TO PRODUCE ROBUSTA COFFEE AND THERE IS EVERY REASON TO BELIEVE THAT ANGOLA CAN CONTINUE AS A MAJOR PRODUCER WITH OR WITHOUT WHITES, THEY CONCLUDE.

7. COMMENT: THE CAUTIOUS OPTIMISM EXPRESSED BY THE ICA OFFICIALS SEEMS UNJUSTIFIED IN THE FACE OF THE ESCALATING FIGHTING AND THE PROSPECTS FOR PROLONGED CIVIL WAR. MIGRANT LABORERS ARE NOT GOING FAR FROM HOME TO PICK COFFEE AND EVEN AFTER PEACE IS RESTORED THE ANIMOSITIES THAT HAVE BEEN AROUSED WILL MAKE IT DIFFICULT FOR ITINERANT WORKERS TO MOVE FREELY AROUND THE COUNTRY IN SEARCH OF WORK. TRADITIONAL COFFEE MARKETING MECHANISMS HAVE DISAPPEARED

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AND THE LIMITED ADMINISTRATIVE CAPABILITY OF THE LIBERATION MOVEMENTS WILL MAKE IT ALMOST IMPOSSIBLE FOR THEM TO SET UP EFFECTIVE ALTERNATIVE MACHINERY. IF FIGHTING BREAKS OUT AGAIN IN LUANDA, THE PORT WILL BE CLOSED AND THERE WILL BE LITTLE PROSPECT OF MOVING CURRENT STOCKS TO MARKET. ALL IN ALL, THE OUTLOOK IS BLEAK, BOTH FOR THE PRESENT AND FOR AT LEAST THE NEXT YEAR.

8. IN A RELATED DEVELOPMENT, THE ANGOLAN DEFENDANTS IN THE COFFEE CASE NOW BEFORE THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK HAVE BEEN UNABLE TO SUPPLY COPIES OF THE THOUSANDS OF DOCUMENTS DEMANDED BY THE COURT. THE DEFENDANTS HAVE LOST ALMOST ALL THEIR OFFICE PERSONNEL AND HAVE NEITHER THE WILL NOR THE MEANS TO COPY AND TRANSMIT THE DOCUMENTS.
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